

ORIGINAL

NEW APPLICATION



0000131057

BEFORE THE ARIZONA CORPORATION

RECEIVED

COMMISSIONERS

Arizona Corporation Commission

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OCT 12 2011

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AZ CORP COMMISSION
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E-01933A-11-0376

IN THE MATTER OF THE APPLICATION OF)
TUCSON ELECTRIC POWER COMPANY FOR)
APPROVAL OF BRIGHT TUCSON)
COMMUNITY SOLAR AGREEMENT WITH LA)
POSADA AT PARK CENTRE, INC.)

DOCKET NO. E-01933A-11-_____

APPLICATION

(Expedited Consideration
Requested)

Tucson Electric Power Company ("TEP"), through its undersigned counsel, hereby requests approval of an agreement between La Posada at Park Centre, Inc. ("La Posada") regarding TEP's Bright Tucson Solar Community Solar program. Specifically, La Posada has requested -- and TEP has agreed -- that La Posada be allowed to acquire a large number of blocks of solar energy from TEP under the Bright Tucson Community Solar program at a lower premium than is provided for in TEP's Pricing Plan Rider 5. In support of this Application, TEP states as follows:

1. La Posada is a non-profit corporation that operates continuing care facilities in Pima County, Arizona.

2. TEP has a Bright Tucson Community Solar program ("Bright Tucson program"), which was approved by the Arizona Corporation Commission ("Commission") in Decision No. 71835 (August 10, 2010). Under the Bright Tucson program, TEP customers can purchase one or more 1 kW increments of solar energy (with each kW representing 150 kWh) at a \$0.02 per kWh premium over the regular tariff rate. Participating customers have that solar energy component of their bill fixed at that rate for 20 years. The terms of the Bright Tucson program are set forth in TEP's Pricing Plan Rider 5, which is attached as Exhibit "A".

1 3. In 2011, La Posada approached TEP and proposed that La Posada would agree to
2 acquire a large number of solar energy (over 1MW of capacity) if TEP would agree to a smaller
3 premium for that energy. After discussion, La Posada and TEP agreed to move forward with
4 preparation of an agreement for submission to the Commission for approval, as set forth in the
5 letter attached as Exhibit "B".¹

6 4. Attached as Exhibit "C" is the special contract that reflects the agreement between
7 La Posada and TEP ("Agreement"). This Agreement effectively is an extension of the Bright
8 Tucson program that has already been approved by the Commission. La Posada agrees to purchase
9 a large number of blocks of solar energy (between 1MW and 5MW of total capacity) and, in
10 exchange, TEP agrees to reduce the premium from \$0.02 to \$0.01. The reduced premium applies
11 only to the specific La Posada accounts set forth in the Agreement.

12 5. TEP believes the reduced premium is appropriate given La Posada's commitment
13 to acquire a very large number of solar energy blocks, particularly given economies of scale and
14 reduced administrative costs for those solar energy blocks. Moreover, the large, long-term
15 commitment by La Posada helps ensure that the purpose and benefits of the Bright Tucson
16 program will be realized.

17 6. TEP submits that it is in the public interest to approve the Agreement because it
18 facilitates the Bright Tucson program in general and allows a non-profit entity operating in Tucson
19 to acquire the renewable energy under the Bright Tucson program.

20 WHEREFORE, TEP requests that the Commission approve the Agreement between TEP
21 and La Posada. TEP further requests expedited treatment of this application.

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¹ The letter was received in May 2011, although it is misdated as May 2010.

ROSHKA DEWULF & PATTEN, PLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

1 RESPECTFULLY SUBMITTED this 12th day of October 2011.

2 TUCSON ELECTRIC POWER COMPANY

3
4 By 

5 Michael W. Patten
6 Roshka DeWulf & Patten, PLC
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

7 and

8
9 Bradley S. Carroll, Esq.
Tucson Electric Power Company
One S. Church Avenue, Suite 200
Tucson, Arizona 85701

10
11 Original and 13 copies of the foregoing
12 filed this 12th day of October 2011 with:

13 Docket Control
14 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

15 Copies of the foregoing hand-delivered/mailed
16 this 12th day of October 2011 to the following:

17 Lyn A. Farmer, Esq.
Chief Administrative Law Judge, Hearing Division
18 Arizona Corporation Commission
400 West Congress
19 Tucson, Arizona 85701

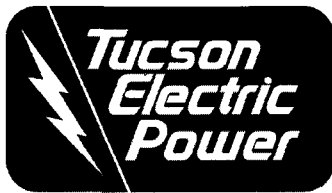
20 Janice M. Alward, Esq.
Legal Division
21 Arizona Corporation Commission
1200 West Washington Street
22 Phoenix, Arizona 85007

23 Steve Olea
Utilities Division
24 Arizona Corporation Commission
1200 West Washington Street
25 Phoenix, Arizona 85007

26
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EXHIBIT

"A"



Pricing Plan Rider-5 Electric Service Solar Rider (Bright Tucson Community Solar™)

A UniSource Energy Company

APPLICABILITY

Pricing Plan Rider-5 is for individually metered customers who wish to participate in the Bright Tucson Community Solar Program. Under Rider-5, customers will be able to purchase blocks of electricity from solar generation sources. Participation in Rider-5 is limited in the Company's sole discretion to the amount of solar generation available and subscription will be made on a first come, first served basis. In order to maximize subscription under Rider-5, TEP may limit the amount of solar block energy purchased by individual customers. Pricing Plan Rider-5 is further restricted to customers being served under one of the following Pricing Plans:

- 1) Residential Lifeline Discount, Pricing Plan R-06-01
- 2) Residential Electric Service, Pricing Plan R-01
- 3) General Service, Pricing Plan GS-10
- 4) Large General Service, Pricing Plan LGS-13
- 5) Municipal Service, Pricing Plan PS-40

Customers being served under self-generation riders or plans may not purchase power under Rider-5 (including, but not limited to Net Metering for Certain Partial Requirements Service Rider-4 and Non-Firm Power Purchase from Renewable Energy Resources and Qualifying Cogeneration Facilities of 100 kilowatts (kW) or Less Capacity Rider-101).

RATE

Customers can contract for a portion or up to their average annual usage in solar blocks of 150 kilowatt hours (kWh) each. Transmission and distribution charges will be applied to all energy delivered, including energy delivered under Rider-5. The Customer is responsible for paying (each month) all charges incurred under their applicable rate schedule, and the total solar energy contracted for multiplied by the applicable solar block energy rate. Any demand based charges under the Customer's current Pricing Plan will not be affected by elections under Rider-5.

Rate Schedule	Base Power Contract Rate	Solar Energy Premium	Solar Block Energy Rate
Residential Lifeline R-06-01	\$0.030198	\$0.020000	\$0.050198
Residential Service R-01	\$0.030324	\$0.020000	\$0.050324
General Service GS-10	\$0.028475	\$0.020000	\$0.048475
Large General Service LGS-13	\$0.029371	\$0.020000	\$0.049371
Municipal Service O-40	\$0.029086	\$0.020000	\$0.049086

TERMS AND CONDITIONS

- 1) Customers may contract for a portion or up to their average annual usage in solar blocks of 150 kWh. If Customer's annual average usage is not available, TEP will apply the appropriate class average. This limit can be reviewed annually at the request of the Customer.
- 2) Each solar block's energy rate will be maintained for twenty years from the date of purchase. For the purposes of the twenty year energy rate, solar blocks will be attributed to the Customer's original service address. Transfer of service under Rider-5 is prohibited. Should the Customer cancel service for any reason, his or her subscription under Rider-5 will expire.
- 3) Customers may add or delete solar blocks once within a twelve month period. Any addition of solar blocks will be at the then offered solar block energy rate.
- 4) Solar blocks will be applied to the actual energy usage each month. Electricity used in excess of the purchased solar blocks will be billed at the Customer's regular energy rate. If electricity usage is below the amount covered by the solar block(s), then the excess kWhs will be rolled forward and credited again the Customer's usage in the following month. The Customer will still be responsible for the full cost of the block(s) each month.

Customers will be credited for the balance of any excess kWhs annually, or on their final bill should the Customer terminate service under Rider-5. Each year, for the bills produced in October (September usage), TEP will credit Customers their excess kWhs after netting and reset their balance to zero. Credit for excess kWhs will be at the energy rate of the oldest solar block.

- 5) All contracted solar block kWhs and associated charges in a billing month will be excluded from the calculation of PPFAC and REST charges and/or credits.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05 Solar
Effective: February 1, 2011
Page No.: 1 of 1

EXHIBIT

"B"



May 3, 2010

Carmine A. Tilghman
Director - Renewable Energy Resources
UniSource Energy
UniSource Energy Tower
1 S. Church Avenue
Tucson, AZ 85701

Re: Community Solar Tariff Participation

Dear Mr. Tilghman:

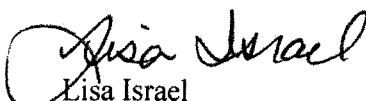
As a long-time Pima County business that works hard to offer the best service possible to our customers while enhancing the quality of life for the larger community, we commend UniSource Energy for offering the Community Solar Tariff.

Further, we are pleased to tell you that La Posada Continuing Care Community ("La Posada"), subject to final agreement terms, accepts your draft offer for up to 5MW of solar energy from a Tucson area solar farm at a \$.01/ kWh premium over our existing energy rates. We understand that the premium will be applied to the energy portion of our bill, and will remain fixed at that level for a term of 20 years. Additionally, Renewable Energy Standard & Tariff ("REST") charges will not be applied to our Community Solar kWh purchased. Finally, we understand that the non-energy components of the offer will change over time, subject to changes in rates & tariffs.

We have identified a few other terms and conditions that we believe will improve the offer and encourage other southern Arizona to join La Posada in bringing the many public benefits of solar solar energy to our community.

Please work with our consultant Valerie Rauluk from Venture Catalyst Inc.(520-326-3195) to develop the agreements and documents necessary for final approvals from the Arizona Corporation Commission, Unisource Energy, and La Posada.

Regards,


Lisa Israel
President & CEO

Administration
& Marketing
450 E. Morningside Road
Ph: (520) 648-8131
Fax: (520) 648-8397

La Vista Apartments
& Garden Homes
301 S. La Posada Circle
Ph: (520) 648-8100
Fax: (520) 648-8137

La Perla
Apartments
635 S. Park Centre Avenue
Ph: (520) 393-6500
Fax: (520) 393-6505

Holmlund Assisted Living &
Armstrong La Via Memory Care
750 S. La Posada Circle
Ph: (520) 648-8400
Fax: (520) 648-8469

La Posada Healthcare & Therapies
700 S. La Posada Circle
Healthcare Ph: (520) 648-8381
Therapies Ph: (520) 648-2200
Fax: (520) 648-8389

EXHIBIT

"C"

BRIGHT TUCSON COMMUNITY SOLAR RIDER AGREEMENT

BETWEEN

TUCSON ELECTRIC POWER COMPANY

AND

LA POSADA AT PARK CENTRE, INC.

AGREEMENT

1. PARTIES

The parties to this agreement ("Agreement"), dated October ____, 2011, are TUCSON ELECTRIC POWER COMPANY ("TEP"), an Arizona public service corporation, and LA POSADA AT PARK CENTRE, INC. ("Customer"), an Arizona non-profit corporation that is also known as "LA Posada", a retail customer taking electric service from TEP.

2. BACKGROUND

TEP's Bright Tucson Community Solar Program (the "Program") was approved by the Arizona Corporation Commission ("ACC") on August 10, 2010, in Decision No. 71835, and permits customers to purchase solar power in "blocks" of 150 kilowatt-hours (kWh) per month (the "Solar Blocks") from solar generation facilities, thereby reducing the use of energy from conventional resources.

Subject to approval of this Agreement by the ACC, Customer wishes to participate in the Program through the purchase of between one (1) and five (5) megawatts of generating capacity ("Purchase Commitment"), but at a lower kWh rate than provided in the approved Program due to its Purchase Commitment, as set forth under the terms and conditions contained in this Agreement.

3. TERM, EFFECTIVE DATE AND TERMINATION

3.1 Term and Effective Date

Upon the date of the issuance of an Order by the ACC approving this Agreement ("Effective Date"), this Agreement shall commence upon the Effective Date or the date of the solar system commissioning, whichever is later, and, unless earlier terminated as provided herein, shall continue for a period of twenty (20) years from such date (the "Term"). If the ACC does not issue an Order approving this Agreement, the Agreement shall be null and void.

3.2 Termination for Convenience

Subject to Section 3.4 below, either party may terminate this Agreement at any time by providing the other party not less than ninety (90) days prior written notice of such termination. However, TEP shall not terminate this Agreement solely to capture any Renewable Energy Standard and Tariff ("REST") or Purchased Power Fuel Adjustor Clause ("PPFAC") charges in excess of the premium paid by the Customer.

3.3 Termination for Cause

If either party materially defaults in its performance under this Agreement and fails to cure such default for thirty (30) days after receiving the non-defaulting party's written notice of such default, the non-defaulting party may immediately terminate this Agreement.

3.4 Penalty for Early Termination

If Customer terminates this Agreement for convenience under Section 3.2 herein, Customer shall pay TEP an early termination fee equal to the sum of the avoided REST surcharges plus any net differences in Power Supply charges that would have been charged to Customer since the Effective Date had this Agreement not been entered into, less the sum of the premiums paid (the "Early Termination Fee"). Power Supply charges include Base Power Supply and PPFAC charges. The Early Termination Fee will be due thirty (30) days after the date of TEP's invoice thereof following such termination by Customer.

4.0 **FACILITIES**

TEP will provide Customer a list of available solar generating facilities from which Customer may dedicate a minimum of one (1) megawatt and up to five (5) megawatts of solar energy to be applied to the premises identification numbers ("IDs") listed below. Such allocations are subject to the restrictions set forth in Program Rider-5 which is incorporated herein by reference. However, subject to prior approval by TEP, there shall be no exclusion on net metered accounts.

TE-C10 - 6578199157	TE-C10 - 2894123535	TE-C10 - 6565315826
TE-C10 - 6145136339	TE-C10 - 4916083820	TE-C10 - 0804026011
TE-C10 - 4682637312	TE-C10 - 1159552049	TE-C10 - 7839902153
TE-C10 - 3224622692	TE-C10 - 9757799711	TE-C10 - 2843827786
TE-C10 - 5496588735	TE-C10 - 7997863816	TE-C10 - 2416885402
TE-C10 - 3681708442	TE-C10 - 0684968737	TE-C10 - 8447312102
TE-C10 - 0951884023	TE-C10 - 2383290460	TE-C10 - 9150269340
TE-C10 - 9890034712	TE-C10 - 9054339904	TE-I13 - 1792848361
TE-C10 - 4820318131	TE-C10 - 5001001918	
TE-C10 - 407938913	TE-C10 - 4626212788	

All accounts listed above with the rate schedule identification of TE-C10 will be subject to the Solar Block rate shown as General Service GS-10 and the account with the identification of TE-I13 will be subject to the rate shown as Large General Service LGS-13 below.

5.0 **RATE**

The applicable rate(s) shown below will be applied to the Solar Blocks contracted herein. Transmission and distribution charges will be applied to all energy delivered, including energy delivered under Program Rider-5. The Customer is responsible for paying (each month) all charges incurred under its applicable rate schedule(s), and for the total number of Solar Blocks contracted for, multiplied by the applicable Solar Block Energy Rate. Any demand based charges under the Customer's current Pricing Plan will not be affected by elections under Program Rider-5 or this Agreement.

Rate Schedule	Base Power Contract Rate	Solar Energy Premium	Solar Block Energy Rate
General Service GS-10	\$0.028475	\$0.010000	\$0.038475
Large General Service LGS-13	\$0.029371	\$0.010000	\$0.039371

- Delivery Services - Energy provided by TEP will reflect the current rates approved by the ACC, as they may change from time to time.
- The Solar Energy Premium will be fixed for the Term of this Agreement.
- Other Charges - Other applicable charges, including ACC assessments, state and local taxes, etc., are in addition to the Solar Block Energy Rate stated above.

6.0 **TERMS AND CONDITIONS**

- 1) The solar energy credited to each designated premise ID listed above must be allocated in 150 kWh monthly blocks. TEP will determine, in its sole discretion, the expected annual output of the solar generating facility and the number of Solar Blocks available to Customer on an annual basis. TEP reserves the right to reduce the number of Solar Blocks available to Customer based on the actual solar output of the solar generating facilities.
- 2) For the purposes of the twenty (20) year Solar Block Energy Rate, Solar Blocks will be attributed to the Customer's premises IDs listed above only.

- 3) Solar Blocks will be applied to the actual energy usage each month. Electricity used in excess of the purchased Solar Blocks will be billed at the applicable standard offer energy rate. If electricity usage is below the amount covered by the Solar Block(s), then the excess kWhs will be rolled forward and credited against the Customer's usage in the following month(s). Customer shall still be responsible for the full monthly cost of the contracted Solar Blocks identified herein.
- 4) Each year, for the bills produced in October (September usage), TEP will credit any excess kWhs after netting and reset the balance to zero. Credit for excess kWhs will be at the energy rate of the Solar Blocks included herein.
- 5) All contracted Solar Block kWhs and associated charges in a billing month will be excluded from the calculation of PPFAC and REST charges and/or credits.

7.0 MISCELLANEOUS

7.1 Entire Agreement, Amendment

This Agreement constitutes the entire understanding and commitment of the parties hereto with respect to the subject matter hereto and shall supersede all prior offers, negotiations and agreements. No amendment or modification of this Agreement shall be valid and binding unless made in writing and signed by an authorized representative of TEP and Customer.

7.2 Governing Law

This Agreement shall be interpreted, governed by and construed under the laws of the State of Arizona, without regard to the conflict of laws provision thereof, and is subject to the jurisdiction of the ACC. Subject to Section 7.3 of this Agreement, TEP's Tariffs and Rules and Regulations (as may be amended from time to time), are incorporated by reference herein.

7.3 Conflicts

To the extent of any conflict between the provisions of this Agreement and any of TEP's Riders, Tariffs, or Rules and Regulations, the provisions of this Agreement shall control.

8.0 SIGNATURES

The parties indicate their understanding of an agreement to all of the above terms and conditions by signing where designated below.

TUCSON ELECTRIC POWER COMPANY

By: 

Print Name David G. Hutchens

Title: Executive Vice President

LA POSADA AT PARK CENTRE, INC.

By: 

Print Name LISA ISRAEL

Title: Pres / CEO